

Tom Osborne shares a thought on Adam Smith

It must be well over fifty years ago now that I was idly looking one day along the shelves, entitled optimistically - if inaccurately - "Economics", of my local public library, for any books that might have something to say about Henry George or his ideas, or, if written before his time, might show that others had similar thoughts to those about which he later had many. My eyes alighted on an old octavo copy in two volumes of *The Wealth of Nations* by Adam Smith.

I had of course heard of him, but knew little apart from what George says about him in *Progress and Poverty* and, perhaps, from history lessons at school, that he was somehow connected with what the master had called "laissez faire."

As far as I could remember laissez faire was, or indeed is, taken to mean that if things are left alone to carry on as they are and not interfered with by what Smith would call the Sovereign and we would call the Government or the State, then everything will be for the best.

Something made me decide to borrow the work and I read it through from cover to cover, which, I must say, is not the easiest thing to do. It's long, written in flowery if delightful eighteenth century prose, sometimes goes into lengthy detail about things which are obvious to us today and don't need the explanation, or are irrelevant. Perhaps it's not surprising that I never seem to find anybody else who has actually read it all the way through. But nevertheless there is the odd gem to be found by those who look.

Gem maybe does not do justice to one of the things I discovered. Smith splits the work into five 'Books', as he calls his

divisions. I could not find that he used the phrase laissez faire nor that he suggested that things should be left as they are, but what I did find, as I ploughed my way through to the penultimate paragraph of Book IV, was the following:

"All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord."

This beautiful thought hit me like a blow from a sledge hammer. So there was such a thing as a system of natural liberty; it was obvious; it will establish itself of its own accord; and it will do so if all systems of preference or restraint are completely taken away. What Smith does not say is that this will happen provided a few systems of preference or restraint are taken away, or some, or a lot, or most, or nearly all of them, let alone only those which it suits you or me to take away. His very first word is "all", to which he adds, a few words later, "completely". I picked myself off the floor and read on to the next sentence:

"Every man, as long as he does not violate the laws of justice, is left perfectly free to bring both his industry and capital into competition with those of any other man, or order of men."

Again, another hammer blow, another beautiful thought. Everybody perfectly free to do his own thing but with the stipulation that he does not violate the Laws of Justice.

Although I read to the end of the book, sadly Smith does not explain what he means by the Laws of Justice, so it's not

clear if he was aware of what we call the civil and economic duties. But he continues the paragraph with the following enlightening sentences:

"The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions (hear, hear!), and for the proper performance of which no human wisdom or knowledge could ever be sufficient (hear, hear!); the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society (hear, hear!). According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual or a small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society."

I was so enchanted that I committed it to memory. To paraphrase Chancellors of the Exchequer on Budget Day, "I commend the passage to all." 